

Emergency Works Investment Policies Review

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Agenda

- **Background and context**
- **Review scope, process / methodology**
- **Proposed changes - FAR**
- **Proposed changes – policies, planning, and processes**
- **Next steps**
- **Feedback**

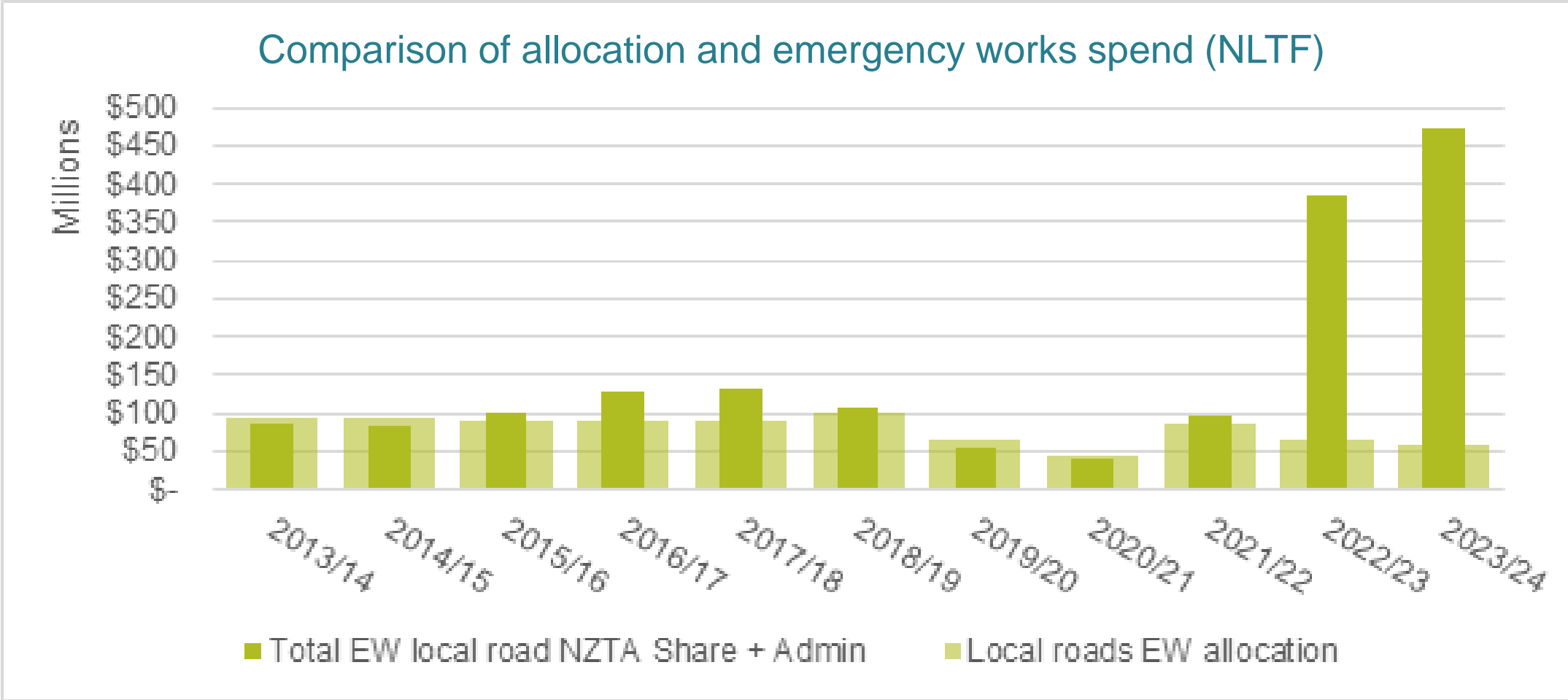
Background and context

- The Emergency works investment policies (*WCs 140 and 141*) set out the eligibility criteria and funding assistance rates applying to National Land Transport Funding (NLTF) to assist approved organisations to respond to emergency events.
- More frequent and intense weather-related events are putting increasing pressure on the funding available for emergency works response and recovery.
- Emergency works funding has significantly exceeded allocated NLTF in 8 of the last 10 years and substantial Crown funding has been required for severe nationally significant events.
- NZTA has reviewed its current emergency works policies and funding assistance rates (FARs) to make sure they remain sustainable into the future and provide improved certainty of funding for councils.

What problems we are wanting to resolve?

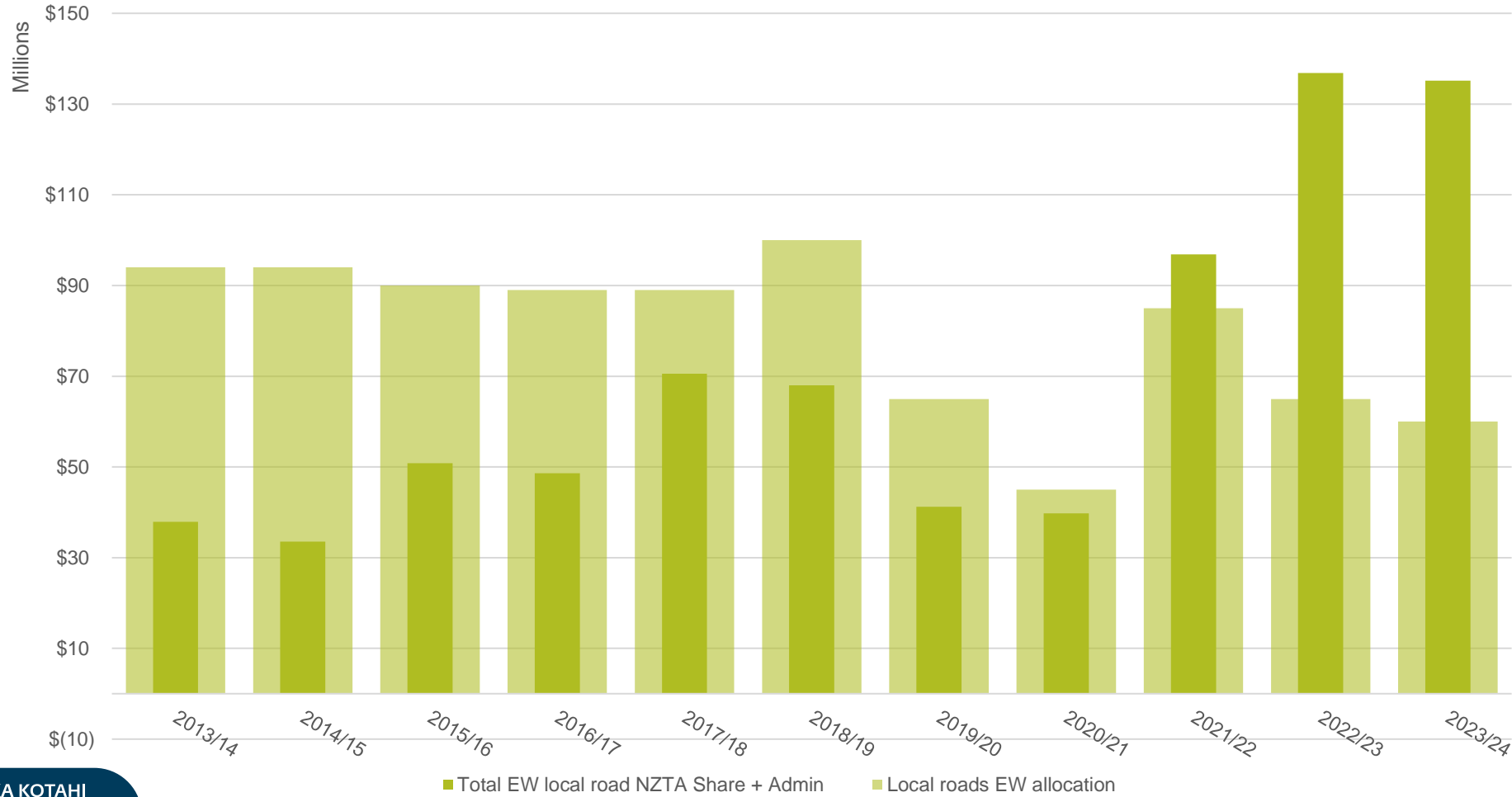
- **Extreme pressure on local share, NLTF and Crown funding at current FARs** due to the increase in scale and frequency of events
- **Different interpretations of policies** are creating uncertainty for investment in repair, recovery and rebuild phases
- **Current policy settings have not yet been adapted** to requirements for managed retreat, different level of service responses, resilience improvements and the incorporation of social and cultural impacts.

Demand exceeds allocation – local roads



Comparison of allocation and spend on emergency works local roads (NLTF)

Excluding Earthquake and NIWE





Key aims of the review

- **a financially sustainable NLTP FAR rate**
- **appropriate incentives** for repair, reinstatement, rebuild and adaptability of the network
- **a robust, defensible and sustainable response to future severe weather events**
- **increased value for money from funding for emergency works** and the ability to establish agreement on an ideal future state and policy settings to support this
- **improved alignment with actions in the national adaptation plan** related to considering levels of service, restoration and building resilience
- **Opportunity to learn** from recent event responses to strengthen effective policy settings or move away from less effective settings
- **influence wider strategy and policy settings** that may assist to minimise impact of future events (e.g., planning, funding allocation)

Review scope

- Not a 'first principles' review
- Focused on emergency works investment policies:
 - Work categories 141 and 140 (FAR and policy criteria)
 - Uneconomic transport infrastructure policy
- Also encompasses policy and implementation-related processes, planning, and guidance

Review process / methodology

- Working Group – SMEs from across NZTA (policy and regional staff)
- Steering Group – Leaders from NZTA, representatives from Ministry of Transport, Treasury, local government
- Board endorsement of scope and proposed changes
- Current and future state assessment
- Data collation and analysis (stocktake, modelling)
- Consultation with sector

Proposed EW eligibility and FAR changes

- Change qualifying return period for an emergency event to a minimum frequency 1 in 20-year (currently 1 in 10-years)
- For **eligible events** the proposed FAR is :
 - EW costs up to 10% of maintenance allocation is at Normal FAR *(no change)*
 - the balance of costs - reduce enhanced FAR from normal FAR +20% normal FAR +10% *(eg Normal FAR 52% plus 10%)*
- Restrict consideration of a bespoke FAR (i.e., greater than an enhanced FAR) to only those extreme events for which Crown funding is made available

Proposed FAR changes

Conditions for enhanced FAR affecting Approved Organisations -

Clarify that enhanced FAR applies to response and recovery costs and is conditional upon the following:

- AO activity management plans having considered, in advance of an emergency event, which parts of the network are prioritised to restore levels of service and which parts of the network may require consideration of a different level of service or alternatives to recovery; and
- After an emergency event, genuine discussions with funders and affected communities to occur for those parts of the network where consideration of a different level of service or alternatives to recovery are appropriate.

Proposed changes to policies, planning and processes overview

Changes to definitions, processes and operational policies to be effective **1 July 2024**

- Updated definition of 'like for like' to clarify the distinction between costs of recovery and costs of improvement
- Updated definitions of response, recovery, resilience, and readiness
- Work category amendments to 140 and 141 to apply from 1 July 2024. Include adding fire as a qualifying event, removing drought because it is not a sudden event, clarifying that each event requires a separate funding application, clarifying that emergency works sit in multiple activity classes including local and state highway road operations, walking and cycling, and public transport infrastructure
- Clarification of processes and planning including making it easier to apply for resilience improvements after an emergency event, such as including resilience improvements in the same funding application
- Encourage councils to include provision for emergency response and recovery in RLTPs to ensure they are ready if events occur

Proposed changes to policies, planning and processes – definitions

Updated ‘Like for like’ definition: to clarify the distinction between costs of recovery and costs of improvement.

Proposed

‘Like for like’ modern equivalent of the drainage facility, not necessarily of the same material type or structural form, that meets current design standards to restore level of service.

‘Current design standards’ may include:

- non-avoidable engineering design requirements
- meeting building consent and resources consent requirements
- meeting engineering requirements to manage the risk and consequence of hazards
- improvements of a minor nature to restore level of service

Excludes improvements, like an additional cycleway where there wasn’t one previously or an improvement in resilience.

Proposed changes to policies, planning and processes – definitions

Updated definitions of *response*, *recovery*, *resilience*, *readiness*.

Proposed

Response: initial work to ensure public safety, to reopen a road or other transport facility, where practicable, for safe use, albeit at a basic level of service, or to minimise risk of further damage.

Includes: site inspections, establishment of the emergency response team, debris clearance, temporary route management and reinstatement, emergency bridging installation (such as Bailey bridges etc), restoration of drainage etc

Eligible for emergency works funding in accordance with the emergency works policies FAR.

Recovery: work to restore levels of service on a 'like for like' basis, or a reduced level of service.

Includes recovery eligible for emergency works funding out of the local road operations activity class at the relevant FAR

Proposed changes to policies, planning and processes - definitions

Proposed

Resilience: Non-routine work to eliminate or reduce the risk of damage to transport infrastructure or interruptions to level of service from natural phenomena, such as an emergency event.

Includes: steps to eliminate these risks if practicable, and, if not, reducing the magnitude of their impact and the likelihood of their occurring.

Eligible for funding in work category 357 out of an improvement activity class at normal FAR.

Readiness: work carried out prior to an emergency event.

May include: developing operational systems and capabilities before an emergency event happens, activity management planning and emergency response planning, including identifying the steps to take leading up to a significant weather event, consideration of which parts of the network are prioritised to restore levels of service

Eligible for funding out of the state highway and local road operations activity class at the normal funding assistance rate (FAR).

Proposed changes to the Uneconomic Transport Policy

Changes to the Uneconomic Transport Infrastructure Policy

- better consider value for money alongside wider outcomes, including considering non-monetised benefits (including social and cultural impacts) alongside a benefit cost ratio or Net Present Value in a funding decision
- include a requirement that alternative funding sources are explored (e.g., Regional Infrastructure Fund, insurance, Tourism Infrastructure Fund, etc.)
- consider options for access or a different level of service
- consider community led retreat proposals, where relevant, in line with wider government policy
- consider iwi/Māori access to ancestral lands, marae, papakāinga and other sites of significance.

Next steps



Consultation open 1 May – 19 June

- NZTA's review has proposed 3 changes to help make emergency works FARs more sustainable
- Changes are proposed to emergency works investment policies and processes to provide clarity about response, recovery and improvements
- Consultation closes 19 June



What happens after consultation?

- The NZTA Board will decide whether to adopt any proposed changes to the emergency works policy and FARs taking account of the feedback received through consultation.
- Phase 2 will consider changes to borrowing arrangements, government support for nationally significant events, updating AMPs, updating forms and process, training.



When will agreed changes take effect?

- Proposed changes to NZTA's emergency works definitions and processes will take effect from 1 July 2024.
- Updated forms and process will be provided for the changes to Work Category 141 from 1 July 2024
- Any changes to the WC 141 emergency works eligibility and FARs will come into effect on 1 July 2025 to give approved organisations time to adjust.

Feedback

Questions and comments

Please email us:

emergencyworksreview@nzta.govt.nz